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TET CEASE-FIRE PERIODS

Tet Holiday January 27-29

| | | <u>Salgon</u> | <u>Washington</u> |
|------------------|---------------|---------------------|---------------------|
| Communist | Begins | Jan. 26-0100 | Jan. 25-1200 |
| | Ends | Jan. 30-0100 | Jan. 29-1200 |
| Allied | Begins | Jan. 26-1800 | Jan. 26-0500 |
| | Ends | Jan. 27-1800 | Jan. 27-0500 |

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SOUTH VIETNAM: The Communists continue to prepare for increased military action, but most information suggests that they intend generally to abide by their unilateral four-day cease-fire which begins at noon today (EST).

The Tet holiday period usually stimulates a rash of reports of Communist attack plans, but most of these do not materialize, and a country-wide, coordinated offensive of the kind seen in past years is not in the cards. Some enemy units celebrated Tet early, probably to allow them to reposition forces and supplies during the brief allied military standdown.

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Further preparations for post-Tet military action, however, continue to come to light. The areas most threatened include the northern provinces and the sector northwest of Saigon near the Cambodian border. North Vietnamese combat units have recently either moved into, or are positioned near, both of these areas and could be used to put some pressure on allied forces.

Elsewhere, the Communists will continue to rely mainly on their local forces and guerrillas to carry on the war.

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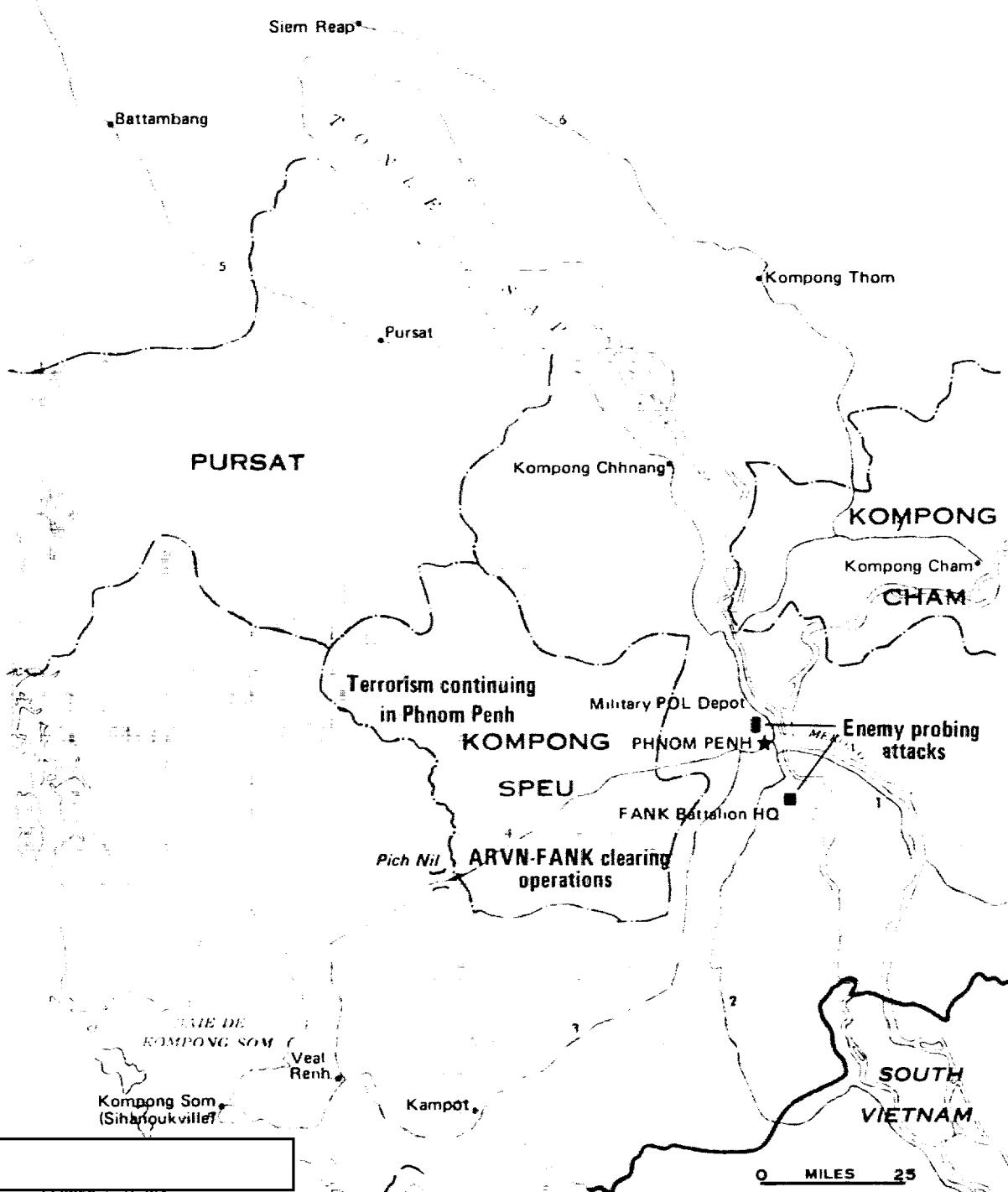
25X1 because of manpower and supply problems created in part by the Cambodian situation, the expected shellings and harassments are likely to be small in scale. Enemy ground actions likely will be limited to the more remote allied military outposts and field positions.

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CAMBODIA: Current Situation



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CAMBODIA: The atmosphere in Phnom Penh remains tense as the government moves to reinforce the city's defenses.

Several harassing attacks against government positions near the capital were reported over the weekend, but no significant fighting developed. Cambodian troops suffered only light casualties during an unsuccessful enemy probing attack on a military petroleum storage area just north of Phnom Penh. A similar probe of a government battalion's position several miles southeast of the city apparently was also quickly repelled. Jittery Cambodian soldiers continue to submit a rash of enemy sighting reports in the capital area, most of which are still unconfirmed. Late press reports claim that the Communists directed a minor mortar attack on the airport early today.

In the city itself, the third terrorist bombing incident in as many days destroyed a small building next to an electric company office yesterday. No serious damage resulted to any power facilities, however.

the recent attack on the Phnom Penh airfield has for the first time caused the population of the city to question the ability of the Cambodian Army (FANK) to protect them. Many residents reportedly are particularly concerned over FANK's apparently total failure to respond to the airfield raid.

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The government has moved to strengthen Phnom Penh's defenses by bringing in five FANK battalions from Pursat and Kompong Speu provinces and reportedly has ordered several more battalions now operating along Routes 6 and 7 in Kompong Cham to return to the capital immediately. The total number of government forces moving into the capital area remains unclear at this time, however. Although these moves will provide some reassurance to the city's population, they are not likely to discourage or prevent the Communists from carrying out additional harassing attacks and terrorist actions.

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In other military developments, FANK and South Vietnamese forces are now engaged in clearing operations and road repair on Route 4, following their linkup in the Pich Nil pass area. The highway may be passable for some traffic today.

Some of the South Vietnamese forces involved in the clearing operations have already begun redeploying. One South Vietnamese ranger battalion was airlifted back to South Vietnam on 23 January.

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POLAND: The government is beginning to draw the line on unruly workers, demanding work in return for redress of grievances.

The decision to take this stand apparently was made over the weekend, after large-scale work stoppages had recurred in and around Szczecin, a trouble spot where the authorities had thought they had largely succeeded in restoring peace. After a series of actions this weekend, party leader Gierek flew to Szczecin to address a meeting of shipyard workers yesterday and was reportedly well received. Premier Jaroszewicz sent a letter to all government ministers and directors of economic enterprises calling for action to ensure normal production, but also instructing management to resolve just grievances in favor of labor. Because the letter only urged the workers to be realistic and to oppose demagogic, it is doubtful that the new leaders are making a fundamental change in policy.

On Saturday, the US consul from Poznan was prevented by police from entering Szczecin, but he learned that the city was quiet. On the same day, it was announced that the minister of interior had requested a leave of absence for health reasons. This was granted, but Jaroszewicz then submitted a motion to the parliament calling for his ouster. One of the six deputy ministers was also transferred out of the ministry. The new minister, Franciszek Szlachcic, who was promoted from a deputy's slot, has a reputation for ruthlessness that apparently is well deserved. Nevertheless, his appointment most likely is intended to back up the demands in the premier's letter and to signify a continuation of present policies, rather than as a first step toward a return to repression of strikers.

The ministerial switch suggests that the first scapegoats for the killings and woundings on the coast during the December riots have been sacrificed, even though the ministers are smaller fry than the

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politburo members the workers have in mind. This has been the workers' insistent demand ever since order was restored, and the timing may be directly related to the renewed work stoppages in Szczecin where there is bitterness over the many casualties. Nevertheless, the possibility cannot be ruled out that there is, or has been, disagreement within the leadership over how to handle the continuing labor unrest.

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YUGOSLAVIA - EUROPEAN COMMUNITIES: Yugoslavia has made significant progress in cooperation with the Communities (EC).

At a meeting in Belgrade earlier this month, an EC-Yugoslav mixed commission discussed Yugoslavia's soaring trade deficit in the West. It was agreed to set up working groups to facilitate Yugoslav exports, encourage joint economic activities between Yugoslav and EC firms, and extend certain trade preferences to Belgrade. In addition, the Tito regime received new support for participation in EC-sponsored European scientific and technical cooperation. Yugoslavia regards the meeting as highly successful and as another move toward strengthening its ties with Western Europe.

The political significance of the meeting was underscored by a hostile article in Pravda on 7 January warning "neutral European states" against "connections in any form" with the EC. Romanian Minister of Foreign Trade Burtica recently told Community officials that the Soviets are exerting pressure on all CEMA countries not to recognize the Common Market, but to deal with its members individually.

Burtica made this assertion during a recent visit to Brussels where he indicated Bucharest's interest in an eventual Romanian-EC agreement similar to that of the Yugoslavs. However, Burtica said his government must move with extreme caution because of Soviet sensitivities. The Hungarians, at their recent party congress, stated their intention to deal selectively with the EC and predicted that the nations of Eastern Europe must ultimately reckon with it.

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NOTES

FRANCE - WEST GERMANY: The talks which open in Paris today between President Pompidou and Chancellor Brandt will deal primarily with European Community questions and East-West relations. Bonn and Paris took opposing positions in last month's discussions on the projected European monetary union, but Pompidou's remarks at his press conference of 21 January suggest Paris now may take a more positive attitude toward the German view that movement toward monetary unification requires some commitment to future political integration. Brandt will no doubt ask Pompidou for clarification of the French positions on Ostpolitik, Berlin, and a conference on European security--all subjects on which Paris has made contradictory public and private statements over the last few months.

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YUGOSLAVIA: With the approval of the International Monetary Fund, Belgrade has devalued the dinar by 20 percent to a new value of 15 to the dollar. The change in parity, intended to strengthen Yugoslavia's competitive export position and improve its balance of payments, is part of Belgrade's economic stabilization program. Other decisions announced concurrently include payment of an additional six-percent interest on savings accounts and the extension of price controls to rents, transportation, and other community services.

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CHILE-CUBA: A 22-man Cuban delegation arrived in Santiago on 21 January to negotiate a new commercial agreement. According to a Chilean Government official, the delegation, headed by the Cuban vice minister for external commerce, is interested in Chilean foods, wood, and manufactured goods. There has been a limited amount of trade between the two countries for about a year.

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ECUADOR: The government is continuing to press its campaign against US fishing boats operating within the 200-mile territorial waters over which it claims sovereignty and is seeking foreign support for its stand. The navy has now seized at least 14 boats and collected fines nearing \$750,000. On Friday, the defense minister claimed that if the US cuts off military assistance to his country, the government is prepared to give back US military equipment on loan and turn to "other sources," presumably European, for help. The foreign minister reportedly intends to criticize the US' handling of the issue at the special session of the General Assembly of the Organization of American States meeting in Washington this week.

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MEXICO-USSR: A Soviet trade delegation reportedly will visit Mexico in early February to try to lay the groundwork for a commercial agreement between the two countries. Mexico is eager to develop new export markets, and government officials have said that future trade relations will be based upon economic rather than political considerations. Nevertheless, no decision has yet been made to sign an agreement with the Soviets.

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ARGENTINA: Urban guerrillas are increasing their attacks on the security forces. A guard at the presidential residence was shot to death from a passing car recently, and last Friday a guard was killed and two policemen seriously wounded by terrorists robbing a bank to obtain funds to finance their operations.

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C UGANDA: Explosions and gunfire were heard in Kampala early today. According to press reports, there were troops in the streets and armored vehicles were surrounding government buildings, including the residence of President Obote. Obote has not yet returned from the Commonwealth conference in Singapore and it is possible that a coup against him is under way. On the other hand, the army is a notoriously ill-disciplined and faction-ridden force, and today's disturbance could be an outgrowth of personal and tribal antagonisms within the military.

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